

# Thailand Morning Cuppa

## Top Story

### Central Plaza Hotel (CENTEL TB, SELL, TP: THB29.00)

Factoring In a Sentimental Rally; Still SELL

Company Update

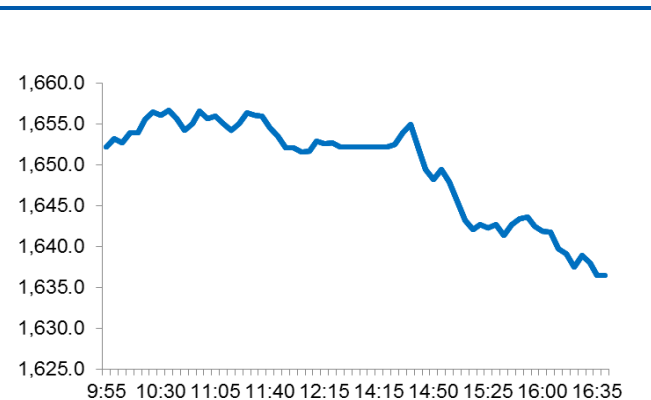
Still SELL with DCF-based THB29.00 TP, 12% downside. Central Plaza Hotel may attain positive sentiment from the recent easing of lockdowns and Thailand's planned re-opening. Yet, we believe gradual improvements from its hotels may still be a drag on earnings, resulting in negative performances over 2H21, with the weakest results in 3Q.

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Today's Report: [Central Plaza Hotel : Factoring In a Sentimental Rally; Still SELL\(8 Sep 2021\)](#)

Previous Report: [Central Plaza Hotel : Pinning Hopes On Border Re-Opening; Keep SELL \(18 Jun 2021\)](#)

Chart 1: SET intra-day graph



SET	2019	2020	2021F	2022F
PE (x)	18.02	25.96	19.29	17.18
P/BV (x)	1.71	1.61	1.82	1.74
Yield (%)	3.28	3.26	2.53	2.75

SET Value by investor Type: Daily	Buy			Net (THBm)
	(THBm)	Sell (THBm)		
Institution	7,633.70	8,774.65		-1,140.95
Proprietary	9,526.21	9,427.17		99.04
Foreign	38,391.78	39,259.44		-867.66
Retail	46,337.07	44,427.51		1,909.56

SET Value by investor Type	MTD		YTD
	(THBm)	(THBm)	
Institution	-4,206.66	-29,823.99	
Proprietary	1,311.39	12,660.77	
Foreign	2,049.69	-85,792.87	
Retail	845.59	102,956.09	

SET50 Index Future	Long	Short	Net	MTD	YTD
	Institution	43,575	51,489	-7,914	-3,294
Foreign	86,509	78,139	8,370	19,247	66,863
Local	110,563	111,019	-456	-15,953	-100,590

Foreign Fund Flows (USDm)	MTD		YTD	YoY
Thailand	-26.7	-57.2	63.0	-2752.4

Note: \*As at 7 Sep 2021 closing

Table 1: Key market indices (8 Sep 2021)

	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1636.45	-11.92	-0.72%	12.9%
Thailand (SET50)	991.33	-6.12	-0.61%	8.9%
Thailand (SET100)	2250.09	-15.76	-0.70%	10.5%
USA (Dow Jones)	35100.00	-269.09	-0.76%	14.7%
USA (S&P500)	4520.03	-15.40	-0.34%	20.3%
USA (Nasdaq)	15374.33	10.81	0.07%	19.3%
UK (FTSE)	7149.37	-37.81	-0.53%	10.7%
Singapore (FSSTI)	3108.53	7.45	0.24%	9.3%
Hong Kong (Hang Seng)	26353.63	190.00	0.73%	-3.2%
Japan (Nikkei)	29920.82	260.93	0.88%	9.0%
Malaysia (KLCI)	1583.48	1.89	0.12%	-2.7%
China (SHANGHAI SE)	3676.59	54.73	1.51%	5.9%
Indonesia (JCI)	6112.40	-14.54	-0.24%	2.2%

Foreign Exchange Rates / Oil Market			
USD	Closed	Chg	Chg (%)
Baht (Onshore)	32.69	0.01	-0.03
Yen	110.29	0.01	-0.01
Euro	1.18	0.00	0.04
Oil Price (USD/barrel)			
Brent	71.72	0.14	0.20
Nymex-Crude Light	68.56	0.21	0.31

Note: \*As at 7 Sep 2021 closing

**Top BUYs**

	TP (THB)	Upside (%)	Catalysts
<b>Airports of Thailand (AOT TB)</b>	73.50	16.21	<ul style="list-style-type: none"> <li>3QFY21 (Sep) is likely the weakest quarter, as domestic aviation has led AOT's performance and the severe COVID-19 third wave may dampen local tourism activities. Cost optimisation efforts have been implemented effectively since 3QFY20, but variable expenses rose in tandem with a recovery in aeronautical activities post lockdown</li> <li>Regarding the Government's border re-opening scheme from Jul 2021 onwards, we expect some positive sentiment on the Phuket Sandbox Model towards AOT, as Phuket International Airport is its third-largest property</li> <li>As the first-tier tourism player, AOT may strongly underpin the revival of the tourism industry, while the weakening short-term sentiment and earnings present investors with an opportunity to BUY</li> </ul>
<b>Home Product Center (HMPRO TB)</b>	16.40	17.99	<ul style="list-style-type: none"> <li>Expecting normalising earnings in FY21 – to be supported by full-year operations of all stores and retail malls vs a temporary closure from late March to mid-May, with profit margins approaching pre-pandemic levels</li> <li>HMPRO's investment in Vietnam may strongly benefit growing urbanisation and a potential rise in the construction sector</li> <li>Quarterly earnings momentum will continue its upward trajectory in 1Q21</li> <li>Rapid improvement in sustainability development may allow the stock to continue trading at a premium</li> </ul>
<b>Kasikornbank (KBANK TB)</b>	150.00	26.58	<ul style="list-style-type: none"> <li>One of opening theme plays, given the highest exposure to the small &amp; medium enterprise or SME portion among the banks we cover or TH Banks</li> <li>Investors should look forward to an eventual recovery, as the recovery in the short term is likely to be uneven and take time before reaching pre-COVID-19 levels</li> <li>The bank trends to disrupt itself with new technologies. We believe this strategy will help the bank to improve profitability and quality in the long run</li> <li>FY21F earnings outlook is forecasted to rebound 8.5% in line with sector earnings. This is due to lower provisions and a rebound in net fees income</li> <li>Our valuation is conservative and its share price is trading below -1SD from the historical mean, which is compelling</li> </ul>
<b>PTT Exploration &amp; Production (PTTEP TB)</b>	132.00	22.22	<ul style="list-style-type: none"> <li>We like PTTEP as a good proxy to stronger commodity prices</li> <li>2Q21 earnings are expected to register stronger results on the back of stronger sales volumes and crude prices</li> </ul>
<b>PTT Global Chemical (PTTGC TB)</b>	73.00	23.21	<ul style="list-style-type: none"> <li>Bumper 1H21 earnings expected from robust petrochemical product spreads to translate into a strong FY21F rebound in YoY performance</li> <li>Current uptrend in oil prices also expected to see PTTGC regain its gas-based crackers' relative cost advantage over industry peers operating naphtha-based crackers</li> </ul>
<b>Siam Cement (SCC TB)</b>	500.00	18.48	<ul style="list-style-type: none"> <li>Petrochemicals is currently in an upcycle. HDPE-naphtha spread in 1Q21 should remain as high as levels recorded in 4Q20, while the polypropylene-naphtha spread reached another high in 1Q21. SCC's polyolefin sales volumes returned to normal levels after the turnaround of the Map Ta Phut olefin cracker was completed in 4Q20</li> <li>The improvement in cement &amp; building materials business should be noticeable in 1Q21, with cement demand growing 1-2% in Thailand. This would be due to stronger demand from the residential property sector in provincial areas, and continuously solid demand stemming from government infrastructure projects</li> <li>FY21 will start out with strong earnings growth in 1Q21, while the petrochemical division may be driven by higher production volume after de-bottlenecking the Map Ta Phut olefin cracker finishing 2Q21. For 2H21, we expect a brighter outlook for the cement &amp; building materials business especially in ASEAN, when construction activities resume to normal</li> </ul>
<b>Tisco Financial (TISCO TB)</b>	111.00	21.64	<ul style="list-style-type: none"> <li>Superior asset quality to peers and strong capital base – highest among TH Banks – made TISCO deserve to trade at premium valuation.</li> <li>Its c.7% dividend yield is compelling and relatively highest among TH Banks, with full-year payment basis.</li> <li>We believe TISCO's conservative strategy amidst the pandemic will be proper, allowing the bank to survive post COVID-19</li> <li>FY21 earnings is expected to rebound 7%YoY mainly on lower provisions and a rebound in net fees income, despite moderated NII and a slight increase in overheads</li> </ul>

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